



*Trading Arrangements*

The trading arrangements for the existing Henderson Land stock option under trading symbols HLD and HLA will be as follows:

1. Transfer of Outstanding Positions

Outstanding positions of Henderson Land stock option series under trading symbols HLD and HLA which exist after the market close on the business day immediately before the ex-bonus day will be transferred to adjusted stock option series under trading symbols HLB and HLC respectively.

2. Introduction of New Stock Option Series for Trading

On the ex-bonus day, new series of Henderson Land stock option based on the standard contract size will be introduced for trading under the standard trading symbol HLD.

Adjustments will be made to the open positions of captioned stock option class which exist after the market close on the business day immediately before the ex-bonus day. The adjusted and standard stock option series are distinct contracts and are represented by different trading symbols in HKATS/DCASS. Particulars of all existing and adjusted stock option series will be shown in DCASS report TP011 after the DCASS batch processing on the business day immediately before the ex-bonus day.

For Henderson Land stock option series under trading symbol HLD, details of the adjustment procedures are as follows:

<b>Adjustment Term</b>	<b>Formula</b>	<b>Remarks</b>
<b>Adjustment Ratio (AR)</b>	10 shares / (10 shares + 1 bonus share) = 0.9091	Rounded to the nearest 4 decimal places
<b>Adjusted Exercise Price (AEP)</b>	Exercise price of outstanding stock option series x AR	Rounded to the nearest 2 decimal places
<b>Adjusted Contract Size (ACS)</b>	Exercise price of outstanding stock option series x (1,000 shares / AEP)	Rounded to the nearest 4 decimal places

<b>Contract</b>	<b>Trading Symbol</b>	<b>Contract Size (Shares)</b>	<b>Availability For Trading</b>	<b>Addition of New Stock Option Series on and after the Ex-bonus day</b>
Adjusted	HLB	ACS	From ex-bonus day to 29 June 2015	No
Standard	HLD	1,000	From ex-bonus day onwards	Yes

For Henderson Land stock option series under trading symbol HLA, details of the adjustment procedures are as follows:

<b>Adjustment Term</b>	<b>Formula</b>	<b>Remarks</b>
<b>Adjustment Ratio (AR)</b>	10 shares / (10 shares + 1 bonus share) = 0.9091	Rounded to the nearest 4 decimal places
<b>Adjusted Exercise Price (AEP)</b>	Exercise price of outstanding stock option series x AR	Rounded to the nearest 2 decimal places
<b>Adjusted Contract Size (ACS)</b>	Exercise price of outstanding stock option series x (ACS* <sup>2</sup> / AEP)	Rounded to the nearest 4 decimal places

<b>Contract</b>	<b>Trading Symbol</b>	<b>Contract Size (Shares)</b>	<b>Availability For Trading</b>	<b>Addition of New Stock Option Series on and after the Ex-bonus day</b>
Adjusted	HLC	ACS	From ex-bonus day to 27 June 2014	No
Adjusted	HLA	ACS*	Nil	No

Capital adjustments, once being made, are conclusive and binding on all relevant stock option contracts. The capital adjustments made will not be reversed even if the proposed corporate action is subsequently disapproved by relevant authorities, including but not limited to regulatory authorities and the court.

Participants should pay particular attention that the cash settlement amount of adjusted and standard stock option series on the expiry day will be calculated using their respective contract sizes. There will not be any changes to the number of open positions and other contract terms after the transfer of positions.

<sup>2</sup> ACS\* as per the contract sizes stated in the comparative table of strike prices in the circular issued on 4 June 2013, please refer to the hyperlink below:

[http://www.hkex.com.hk/eng/market/partcir/sehk/2013/Documents/DMD\\_087\\_13\\_e.pdf](http://www.hkex.com.hk/eng/market/partcir/sehk/2013/Documents/DMD_087_13_e.pdf)

*Clearing and Settlement Arrangements*

For clearing and settlement arrangements relating to shares collateral and exercise / assignment of adjusted stock option class, please refer to the Attachment for details.

*Inform Your Staff and Clients*

Participants should notify all clients holding positions in the captioned stock option class of the details of the operational arrangements for trading and clearing. Please ensure that your back office systems are ready for a smooth operation. In addition, all your staff should be fully aware of the trading and clearing arrangements and should exercise caution when dealing with the adjusted and standard stock option series and when advising your clients.

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*This circular has been issued in the English language with a separate Chinese language translation. If there is any conflict in the circulars between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.*

**Clearing and Settlement Arrangements Relating to Shares Collateral and Exercise / Assignment of Adjusted Stock Option Class***Shares Used as Cover Collateral*

All covered call positions will be decoupled automatically after the day-end margin calculation on the business day immediately before the ex-bonus day. Participants are requested to cover, if possible, those naked short call positions of the adjusted stock option series before market open of the ex-bonus day. Otherwise, these naked short call positions will become marginable in the subsequent intra-day or day-end margin calculation. Since the contract sizes of the adjusted stock option series will carry odd lots and fractional shares, participants who wish to cover any adjusted stock option series must use the exact odd quantity of stock while standard board lots can only be used to cover the standard stock option series.

*Pending Stock Positions*

Pending stock positions resulting from exercise / assignment effected on or before the business day immediately before the ex-bonus day will be cum entitlement and settled via CCASS.

*Settlement of Exercised Options Trades*

The exercise and assignment of contracts in adjusted stock option series will result in odd lots and fractional shares. The integral number of shares (including the odd lots) will be settled via CCASS under normal procedures. The fractional shares of each contract exercised will be settled in cash via CCMS on the day of exercise. The actual cash settlement amount of the fractional shares is the difference between the exercise price of the stock option series and the market closing price of the underlying stock on the day of exercise times the fractional shares quantity for each contract exercised/assigned.

The settlement of fractional shares in cash is not liable to stamp duty provided that the contract notes so executed by the party for the sale and purchase of shares arising from the exercise of an option contract only include the whole number of shares.

Exercise and assignment of standard stock option series will result in stock settlement obligation of a standard board lot of shares per contract and settled in CCASS under normal procedures.